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INTERVIEW

OF

JOHN JAY KNOX,

*President of the National Bank of the Republic, New York,*

BEFORE

THE COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES

OF THE

HOUSE OF REPRESENTATIVES,

UPON

THE COINAGE ACT OF 1873

AND

THE SILVER QUESTION,

SATURDAY, FEBRUARY 21, 1891.



WASHINGTON:  
GOVERNMENT PRINTING OFFICE.

1891.





STATEMENT OF HON. JOHN JAY KNOX, PRESIDENT OF THE  
NATIONAL BANK OF THE REPUBLIC OF NEW YORK.

WASHINGTON, D. C., February 16, 1891.

DEAR SIR: My attention has just been called to various misstatements and misrepresentations which are contained in a pamphlet entitled "Silver in the Fifty-first Congress, preceded by a summary of the coinage laws of the United States prior to 1873 and a history of the act of 1873, and the act of 1878," issued by the National Executive Silver Committee, Hon. Edwards Pierrepont, New York, and others, committee. To this volume, which I am informed has had a wide circulation, may be attributed many of the erroneous statements which have been made in the present Congress and elsewhere in reference to the preparation, consideration, and passage of the coinage act of 1873. These misstatements can be fully answered by reference to the reports of the Secretary of the Treasury for 1870, 1871, 1872, 1876, 1886, and 1889, and other official documents; and I respectfully request an opportunity to present these facts, and possibly others, in reference to the silver question, to your committee at such time as you may find it most convenient to hear me.

Very respectfully,

JOHN JAY KNOX.

Hon. CHAS. P. WICKHAM,

*Chairman of Committee on Coinage, House of Representatives.*

COMMITTEE ON COINAGE WEIGHTS AND MEASURES,

*Friday, February 20, 1891*

The above letter having been previously laid before the committee, Mr. Knox said:

Mr. Chairman and gentlemen of the committee: The preparation of the coinage act of 1873, as passed by Congress, was a conscientious, careful piece of work. But since 1876, in the Senate and House of Representatives, in the public press of this country, and in foreign countries it has been stated over and over again that the parties who framed the coinage act of 1873 and the parties who were prominent in securing its passage through Congress were guilty of passing the act surreptitiously and by secret methods, without giving the people of the United States and their Representatives in Congress the opportunity to know what the bill contained, and particularly what the bill contained in reference to the standard of value in this country. I have repeatedly answered these charges in the press at home, in the London Economist\* and in public addresses.† They have been answered by authors in printed volumes,‡ and frequently on the floor of Congress and once before the Paris Silver Commission in the year 1878 by a dis-

\* London Economist, December 26, 1885, April 30, 1866.

† Address before American Bankers' Association, Saratoga Springs, August 6, 1879, p. 30: Proceedings.

‡ Laughlin's "History of Bi-Metallism in the United States," pp. 92-105.

tinguished member from the Republic of Switzerland \*, Feer-Herzog, who presented official documents to confirm his statements. But the repetition of these charges in an offensive manner by the Silver Committee, A. J. Warner, Chairman, Francis G. Newland, Vice-Chairman, Lee Crandall, Secretary, in a pamphlet entitled "Silver in the Fifty-first Congress," renders it necessary that I should place on your records, absolute proof from official documents of the falsity of all these statements. I was an official in the city of Washington for nearly a quarter of a century, and my reputation is at stake. I know that everything in connection with the preparation of the act of 1873 was as open as the daylight and as the sunshine.

I believe that every act in the Capitol, from the beginning to the end, with reference to the passage of that bill, was as open and as clear as the sunshine, and I propose in a very few moments, by reference to public documents, to show this, so that it shall be plain to every man who has eyes, unless he will not see.

#### FULL HISTORY OF THE COINAGE ACT OF 1873.

I had charge of the Mint and coinage correspondence of the Treasury Department from the year 1866 to the date (February 12, 1873) of the passage of the act of 1873.

In the year of 1866, at the request of Secretary McCulloch, I visited the branch mint of San Francisco and Carson City, and purchased the site upon which the present mint building now stands. I made a report which the Secretary complimented in a paragraph in his annual report to Congress. My report was printed with the budget of that year and in it (pp. 263-267 of the Finance Report of 1866) are the following paragraphs:

The subject of silver coinage assumes new proportions as China and Japan become, if not our neighbors, the neighbors of the Pacific States, through the new line of steamers which are to leave New York for China for the first time during the coming month.

Mr. BARTINE. What year was that?

Mr. KNOX. In the year 1866; seven years before the passage of the "Coinage Act of 1873."

The shipments of treasure, chiefly to China and Japan, annually amount to nearly 7 millions of dollars, or about the amount received from customs in San Francisco. Silver coin is at 5 per cent. discount. The shipments to China and Japan are in fine bars. The Chinese resolutely refuse to receive any coin except the Mexican dollar, and it is worthy of consideration whether it would not be to our advantage to increase the standard weight of silver coin and perhaps *again put in circulation the silver dollar; making it [for use in Asia] exactly of the value of the Mexican dollar.*

The subject is rendered still more interesting from the fact that France, Belgium, Italy, and Switzerland, have recently concluded a treaty agreeing upon a uniform system of gold and silver coinage .900 fine. The English sovereign, the French 25-franc and the American half-eagle are so nearly of one value that it would seem feasible for those nations to agree upon one system of coinage. The reduction of the English coin from the fineness of .916 gold and .925 silver to .900 fine, the same fineness of the coinage in Austria, Germany, Prussia, Greece, Rome, Tunis, Sardinia, and Chili, would be a step in that direction. \* \* \*

The law relating to the Mint was passed in 1837, nearly 30 years ago when the annual coinage averaged only \$3,000,000. It is poorly adapted to the present business of the Mint, now averaging a coinage of \$46,000,000 annually. If a commission could be ap-

\* International Monetary Conference, 1878, pp. 24-43. Bankers' Magazine, New York, February, 1871.

United States notes, a history of the various issues of paper money by the Government of the United States, pp. 148-152, by John Jay Knox. Scribner, New York, 1884. London, F. Fisher Unwin, 1885.

Bowles' "Financial History of the United States," volume vi.

McPherson's "Hand Book of Politics," 1890, pp. 157-169.

pointed of persons familiar with this subject to revise all the laws relative to the Mint and branches, after having examined the laws and institutions of other countries, the benefit of such legislation would be seen at once in the increased efficiency and receipts of our own institutions.

Secretary Boutwell, in his report for 1869, in unison with this suggestion, recommended the establishment of a bureau in the Treasury Department and the appointment of an officer who should be at the head of the Mint service of the United States. Subsequently he directed a revision of the Mint laws, and Assistant Secretary Richardson requested me to take charge of the work. Dr. Linderman, who had for many years been an officer of the Mint at Philadelphia, was at my request associated with me.

#### METHOD ADOPTED IN THE PREPARATION OF THE REVISED BILL.

The method adopted in the preparation of the bill was first to arrange in as concise form as possible the mint and coinage laws then in existence, with additional sections and suggestions. The bill as thus prepared was printed upon paper with wide margin, and in this form transmitted to the officers of the different mints, and assay offices, and to other gentlemen who were known to be intelligent upon such subjects, with the request that the printed bill should be returned with their notes and comments.

Mr. BARTINE. To whom did you send it?

Mr. KNOX. To the officers of the assay offices; to everyone I could think of, who was interested in the subject.

Mr. BARTINE. What dollar piece did you propose in this bill?

Mr. KNOX. The dollar of 384 grains, in order to ascertain the views of correspondents.

Mr. CARTER. Is that the dollar called the trade dollar?

Mr. KNOX. No, sir. It was a dollar, twice the weight of the half dollar then in circulation. Those sections which related to accounts were referred to the First Comptroller, the First Auditor, and the Treasurer; the sections which related to crimes in the Mint service were referred to the Solicitor; other sections in reference to the abrasion of coins and the tolerance allowed in the manufacture of coin were referred to President Barnard, of Columbia College, New York; Professor Torrey, of the Assay Office, and to Hon. A. L. Snowden, now minister to Greece, and to other gentlemen who were known to be interested in such scientific and technical subjects.

The preparation of the bill was commenced in December, 1869, and completed on April 25, the following year, at which time the Secretary of the Treasury transmitted the following letter to the Hon. John Sherman, chairman of the Finance Committee of the Senate:

TREASURY DEPARTMENT, *April 25, 1870.*

SIR: I have the honor to transmit herewith a bill revising the laws relative to the Mint, assay offices, and coinage of the United States, and accompanying report. The bill has been prepared under the supervision of John Jay Knox, Deputy Comptroller of the Currency, and its passage is recommended in the form presented. It includes, in a condensed form, all the important legislation upon the coinage, not now obsolete, since the first mint was established, in 1792; and the report gives a concise statement of the various amendments proposed to existing laws and the necessity for the change recommended. There has been no revision of the laws pertaining to the Mint and coinage since 1837, and it is believed that the passage of the inclosed bill will conduce greatly to the efficiency and economy of this important branch of the Government service.

I am, very respectfully, your obedient servant,

GEO. S. BOUTWELL,  
*Secretary of the Treasury.*

The report and the bill were referred on April 28, 1870, to the Finance Committee of the Senate, and subsequently, on May 2, 1870, 500 additional copies were ordered to be printed for the use of the Treasury Department.

The proposed amendments to the bill were plainly stated in the report as follows :

The new features of the bill now submitted are; chiefly, the establishment of a Mint Bureau at the Treasury Department, which shall also have charge of the collection of statistics relative to the precious metals; the consolidation of the office of the superintendent with that of the Treasurer, thus abolishing the latter office, and disconnecting the Mint entirely from the office of assistant treasurer; the repeal of the coinage charge, and authorizing the exchange of unparted for refined bars; a reduction in the amount of wastage, and the tolerance (deviation in weight and fineness) in the manufacture of coin; requiring the token coinage to be of one material of uniform value, and to be redeemed under proper regulations when issued in excess, and the expense of its manufacture to be paid from specific appropriations, and not from the gain arising in its manufacture, as heretofore; an entire change in the manner of issuing the silver (subsidiary) coinage; *discontinuing the coinage of the silver dollar*; limiting the amount of silver to be used as alloy, so as to make the gold coinage of uniform color; the destruction of the dies not in use annually; requiring vouchers to pass between the different officers of the Mint in all transfers of bullion or coin; requiring increased bonds from officers of the Mint, and authorizing each officer to nominate his subordinate before appointment; and also making it an offense to increase or diminish the weights used in the Mint.

The subject of changing the weight or of discontinuing the coinage of the silver dollar was fully discussed.

#### PRESIDENT JEFFERSON SUSPENDS THE COINAGE OF THE SILVER DOLLAR—NONE COINED FOR 30 YEARS.

The coinage of this piece, was first authorized by the act which authorized the establishment of the Mint in 1792. It was based upon the ratio of 15 ounces of silver to 1 of gold, and during the next 13 years there were coined only 1,439,517 of these pieces. The ratio was erroneous, and President Jefferson in 1805\* without any special authorization of law suspended the coinage of the silver dollar in order to bring gold into circulation and from that date for 30 years, until 1836, no silver dollars were coined, and from the organization of the Government up to the passage of the coinage act of 1873 only 8,045,838 dollar pieces were issued.

#### GOVERNOR POLLOCK RECOMMENDS THE STOPPAGE OF THE COINAGE OF THE SILVER DOLLAR IN 1861.

Ex-Governor James Pollock, in his report for 1861, as Director of the Mint (p. 623, finance report, 1861), says:

The gold dollar of the United States, conforming in standard value and decimal character to all the gold and silver coinage of the country, except the silver dollar, has been properly selected and *should be retained as the standard of value* for all foreign coins used or employed in commercial or Governmental transactions with other nations. The silver dollar of the United States, differing as it does in commercial and decimal value from the other silver coins of the country, can not, without

\* Mr. Campbell P. White, in an appendix to his famous report, upon which the act of 1834 was founded, transmits a letter from Samuel Moore, Director of the Mint at Philadelphia, under date of May 25, 1832, in which he says:

"The President, in 1805, interposed more efficiently by directing that the coinage of dollars should be suspended at the Mint; this remedy met the particular exigence. The Chinese, through prejudice, undervalued the dollar; the lower denominations they refused." (Senate Mis. Doc. No. 132, Forty-first Congress, second session.)

disturbing our decimal system and producing confusion in the relative value of our gold and silver coinage, be used as a standard. The legal weight of the silver dollar is 412½ grains; of two half dollars, or other component fractions of the dollar, 384 grains—a difference of 28½ grains.

The silver dollar as it now is has actually three values:

(1) It is by law a dollar simply, or 100 units or cents.  
 (2) By the Mint price of silver it is 103.98 cents, which is its true commercial value, as compared with gold.

(3) It has an interior or Mint value, which is determined by its relation to the silver contained in the half-dollar, which makes it 107⅔ cents, for which reason single pieces are paid out at the Mint at the even price of 108 cents.

As the dollar, *which is the unit of our money, is represented in gold coin it would seem desirable not to have another dollar in another metal, but if this is inadmissible, and the silver dollar should be retained, then it should be reduced to eight-tenths of an ounce, to be in true relation to our other silver coins.*

Two reasons seem to have influenced Congress in retaining the silver dollar at its present anomalous terms: First, that it preserves the old dollar, known from the beginning of our coinage, and often exactly stipulated for in deeds of rent-charge, mortgage, and other moneyed securities. To this it may be successfully replied that such payments are now always made in gold, because it is the legal and usual tender for all sums exceeding \$5, and because silver dollars are no longer to be had or are very rare. In the second place, it was supposed to be needed for our China and East India trade. But our consular advices are to the effect that our silver dollars are very reluctantly taken at the ports, and not at all in the interior of China. They are believed by the Chinese to be of less value than they really are. The reasons for its retention having ceased, *either we should cease to coin the silver dollar or it should be made to conform in weight and value to our lesser silver coins.*

My report of April 25, 1870 called special attention to the discontinuance of the silver dollar and the reasons given were similar to those here given by Governor Pollock who was Director of the Mint in 1861. The paragraph in reference to this subject was headed in capital letters and was as follows:

#### SILVER DOLLAR—ITS DISCONTINUANCE AS A STANDARD.\*

The coinage of the silver-dollar piece, the history of which is here given, is discontinued in the proposed bill. It is by law the dollar unit, and assuming the value of gold to be fifteen and one-half times that of silver, being about the mean ratio for the past 6 years, is worth in gold a premium of about 3 per cent. (its value being 103.12) and intrinsically more than 7 per cent. premium in our other silver coins, its value thus being 107.42. The present laws consequently authorize both a gold-dollar unit and a silver-dollar unit, differing from each other in intrinsic value. *The present gold dollar piece is made the dollar unit in the proposed bill, and the silver-dollar piece is discontinued.* If, however, such a coin is authorized, it should be issued only as a commercial dollar, not as a standard unit of account, and of the exact value of the Mexican dollar, which is the favorite for circulation in China and Japan and other Oriental countries.

The appendix to the report contained a copy of the English coinage act of 1870, and four tables giving (1) the existing coinage, including the silver dollar; (2) the proposed coinage *in which the silver dollar was omitted*; (3) a metric system of coinage suggesting the issue of a subsidiary silver coinage consisting of two half-dollars constituting in weight and fineness an exact equivalent to the French five-franc piece,

\* Mr. J. K. Upton, in his book, *Money in Politics*, says:

"The silver was now (1805) the unquestioned unit of account, and in this coin all contracts calling for dollars could be satisfied. Mr. Jefferson, who was then President, had favorably indorsed the ratio of 1 to 15 proposed by Mr. Hamilton, and adopted in the coinage act of 1792. He believed that both metals could and would circulate side by side under the relations fixed by that act. He desired that gold should circulate as well as silver, and, to prevent the expulsion of gold, he peremptorily ordered the Mint to discontinue the coinage of the silver dollar, and Congress and the country seemed to have approved his action, although taken without authority, if not in direct violation of law. To the effect of this executive interference is probably due the fact that from 1806 to 1836 no silver dollars were coined."

and a quarter-dollar and dime with proportionate weight and fineness, which proposition was finally adopted; (4) a table giving a *comparison of coinage existing and proposed*. A note at the foot of this table states that *the silver dollar, half-dime, and three-cent piece are omitted in the proposed bill*. Subsequently, on June 25, 1870, the Secretary of the Treasury transmitted to the House of Representatives a letter of myself, then Deputy Comptroller of the Currency, together with copies of the correspondence of the Department with the officers of the different mints, assay offices, and other experts, in reference to the bill and report submitted on April 25, 1870.

The bill in its original form, which was transmitted to the correspondents throughout the country for consideration and comment, contained the following section, as appears from the manuscript copy at the Treasury Department:

SEC. 15. *And be it further enacted*, That of the silver coins [the weight of the dollar shall be 384 grains] (now 412½ grains) the weight of the half-dollar or piece of 50 cents shall be 192 grains; and that the quarter-dollar and dime [and half-dime] shall be, respectively, one-half and one-fifth [and one-tenth] of the weight of said half-dollar. That the silver coin issued in conformity with the above sections shall be a legal tender in any one payment of debts for all sums [not exceeding \$5, except duties on imports] *less than \$1*.

If the words inclosed in [brackets] of the section as here given are excluded and the words in *italics* included, the section will conform precisely to the section which was transmitted to Congress and which passed the Senate on January 9, 1871.

#### THE DOLLAR OF 384 GRAINS.

The dollar of 384 grains was proposed in the rough revision of the bill for the purpose of obtaining an expression of opinion in reference to the proposed omission of the dollar piece, and the words "except duties on imports" inserted, for the reason that a regulation or usage at the custom-house in New York limited the full amount of payment of silver coins to the fractional parts of a dollar, except when the payment to be made was \$5 or less.

MR. WALKER. Do I understand that silver coin was not received in payment of customs?

MR. KNOX. Yes; silver coin was refused at the custom-house from 1853 to 1873 except for fractions of the dollar. Correspondents were requested to give their views in reference to the retention of the dollar of 412½ grains, of 384 grains, or if in favor of the discontinuance of the coinage of the dollar piece as recommended by ex-Governor Pollock.

My second report of 95 pages,\* containing the correspondence relative to the coinage bill, which was transmitted to Congress on June 25 1870, gives the views of the following correspondents upon the subject of the coinage of the silver dollar.

#### VIEWS OF SEVEN CORRESPONDENTS IN REFERENCE TO SILVER DOLLAR.

Hon. James Pollock, the Director of the Mint at Philadelphia, said:

SEC. 11. The *reduction of the weight of the whole dollar is approved* and was recommended in my annual report of 1861. (Page 10.)

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\* H. R. Ex. Doc. No. 307, Forty-first Congress, second session.

Mr. Robert Patterson, of Philadelphia, sent to Mr. Knox some notes on the bill, suggesting amendments. He called attention to one of these in the following words :

The silver dollar, half-dime, and three-cent piece are dispensed with by this amendment. Gold becomes the standard money, of which the gold dollar is the unit. Silver is subsidiary, embracing coins from the dime to half-dollar; coins less than the dime are of copper-nickel. The legal tender is limited to necessities of the case; not more than a dollar for such silver or 15 cents for the nickels.

Mr. Franklin Peale, formerly melter and refiner and chief coiner of the mint at Philadelphia, recommended the discontinuance of the three and one dollar gold pieces, and supplying the place of the latter with a proper silver coin to be used as change. Dr. H. R. Linderman, the present Director of the Mint, said :

Section 11 reduces the weight of the silver dollar from  $412\frac{1}{2}$  to 384 grains. I can see no good reason for the proposed reduction in the weight of this coin. It would be better, in my opinion, to discontinue its issue altogether. The gold dollar is really the legal unit and measure of value. Having a higher value as bullion than its nominal value, the silver dollar long ago ceased to be a coin of circulation; and being of no practical use whatever its issue should be discontinued.

Mr. James Ross Snowden, formerly Director of the Mint, said:

I see that it is proposed to demonetize the silver dollar. This I think inadvisable. Silver coins below the dollar, are now not money in a proper sense, but only tokens. I do not like the idea of reducing the silver dollar, to that level. It is quite true that the silver dollar, being more valuable than 2 half-dollars or 4 quarter-dollars, will not be used as a circulating medium, but only for cabinets and perhaps to supply some occasional or local demand; yet I think there is no necessity for so considerable a piece as the dollar to be struck from metal which is only worth 94 cents. When we speak of dollars let it be known that we speak of dollars not demonetized and reduced below their intrinsic value, and thus avoid the introduction of contradictory and loose ideas of the standards of value.

Mr. George F. Dunning, formerly superintendent of the United States assay office in New York, proposed that the law in regard to the silver coinage should be in the following language :

SEC. 11. And be it further enacted, That the silver coins of the United States shall be a dollar, a half-dollar, a quarter-dollar, a dime or tenth of a dollar, and a half dime or twentieth of a dollar; and the standard weight of the silver coins shall be in the proportion of 384 grains to the dollar and these coins shall be a legal tender in all payments not exceeding \$5.

The officers of the San Francisco branch mint made the following suggestions :

Section 11. Would not the proposed change in the weight of the silver dollar disturb the relative value of all our coinage, affect our commercial conventions, and possibly impair the validity of contracts running through a long period? Might not the dollar be retained as a measure of value, but the coinage of the piece for circulation be discontinued?

Mr. E. B. Elliott, of the Treasury Department, gave a complete history of the silver dollar, and suggested the issue of a commercial dollar of nine-tenths fineness, and containing of pure silver just 25 grams, in place of the then existing silver dollar of  $412\frac{1}{2}$  grains; the proposed silver dollar being almost the exact equivalent of the silver contained in the older Spanish-Mexican pillared dollar, established in 1704 by proclamation of Queen Anne as a legal tender of payment and accepted as par of exchange for the British colonies of North America at the rate of 54 pence sterling to the dollar, or four and four-ninths dollars to the pound sterling.

## THEIR VIEWS PRINTED WITH HEADINGS IN CAPITAL LETTERS.

All of these gentlemen were either officers or ex-officers of the Government and their views were entitled to full consideration. The above paragraphs, in the report, from the letters of these gentlemen upon the subject of the reduction of the weight of the standard dollar piece, were all printed in capital letters, as follows:

(1) SILVER DOLLAR, HALF-DIME, AND THREE-CENT PIECE DISCONTINUED.

(2) SILVER COIN SHOULD ONLY BE ISSUED IN EXCHANGE FOR GOLD AT PAR.

(3) WEIGHT OF SILVER DOLLAR SHOULD BE CAREFULLY CONSIDERED

Mr. WALKER. What year was that?

Mr. KNOX. In the year 1870.

Mr. WALKER. What month?

Mr. KNOX. June 25, 1870.

(4) THE THREE-DOLLAR AND ONE-DOLLAR PIECES SHOULD BE DISCONTINUED.

(5) DISCONTINUANCE OF SILVER DOLLAR.

(6) THE PRESENT SILVER DOLLAR SHOULD NOT BE DISCONTINUED.

(7) GOLD AND SILVER COINS.

(8) THE SILVER DOLLAR. ITS DISCONTINUANCE AS A STANDARD.

It would have been impossible for a Senator or Representative to read the report accompanying the bill and not know that the discontinuance of the silver dollar was under discussion.

Mr. WALKER. How many Congresses from the time it was introduced to its passage?

Mr. KNOX. The bill came from the Treasury Department in 1870 and was passed in 1873. There were five or six different sessions intervening. On December 19, 1870, the bill was reported from the Finance Committee of the Senate and printed with amendments.

On January 9, 1871, in accordance with previous notice, the bill came before the Senate and was discussed during that day and the following day by Senators Sherman, Sumner, Bayard, Stewart of Nevada, Williams, Casserly, Morrill, and others, and passed the Senate on the 10th by a vote of 36 yeas to 14 nays.

## SPEECH OF MR. KELLEY, CHAIRMAN OF THE COINAGE COMMITTEE.

On January 13, 1871, on motion of Hon. William D. Kelley, the Senate bill was ordered to be printed. On February 25, 1871, Mr. Kelley, the chairman of the Committee on Coinage, reported the bill back with an amendment in the nature of a substitute, when it was again printed and recommitted. Mr. Kelley again, on March 9, 1871, introduced the bill in the Forty-second Congress, when it was ordered to be printed and referred to the Committee on Coinage when appointed.

On January 9, 1872, the bill was reported by Mr. Kelley, chairman of the Coinage Committee, with the recommendation that it pass. The bill was read and discussed at length by Messrs. Kelley, Potter, Garfield, Maynard, Dawes, Holman, and others. Mr. Kelley, in the opening speech, said:

The Senate took up the bill and acted upon it during the last Congress and sent it to the House; it was referred to the Committee on Coinage, Weights, and Measures, and received as careful attention as I have ever known a committee to bestow on any measure.

\* \* \* \* \*

We proceeded with great deliberation to go over the bill not only section by section, but line by line and word by word; the bill has not received the same elaborate consideration from the Committee on Coinage of this House; but the attention of each member



was brought to it at the earliest day of this session; each member procured a copy of the bill and there has been a thorough examination of the bill again.—Congressional Globe, volume 100, page 322.

Mr. Kelley on the same day also said:

There are one or two things in this bill I will say to the gentleman from New York, with his permission, which I personally would like to modify; that is to say, I would like to follow the example of England and *make a wide difference* between our silver and gold coinage. \* \* \*

I would have liked to have made the gold dollar uniform with the French system of weights, taking the gram as a unit. (Page 323, volume 100.)

On January 10, 1872, the bill after considerable discussion was again recommitted, and on February 9, 1872, it was again reported from the Coinage Committee by Hon. Samuel Hooper, printed and recommitted, and on February, 13, 1872, reported back by Mr. Hooper with amendments, printed, and made the special order for March 12, 1872, until disposed of.

#### SPEECH OF MR. HOOPER, CHAIRMAN OF COMMITTEE, APRIL, 1872.

On April 9, 1872, the bill came up in the House for consideration. Mr. Hooper in a carefully prepared speech of ten columns explained the provisions of each section of the bill. In this speech (page 2306, volume 102 of the Congressional Globe) he says:

Section 16 reenacts the provisions of the existing laws defining the silver coins and their weights, respectively, *except in relation to the silver dollar*, which is reduced in weight from 412½ to 384 grains, thus making it a *subsidiary coin in harmony with the silver coins of less denomination* to secure its concurrent circulation with them. The silver dollar of 412½ grains, by reason of its bullion or intrinsic value being greater than its nominal value, long since ceased to be a coin of circulation, and is melted by manufacturers of silverware. It does not circulate now in commercial transactions with any country, and the convenience of these manufacturers in this respect can better be met by supplying small stamped bars of the same standard, avoiding the useless expense of coining the dollar for that purpose.

Mr. Stoughton, of the Coinage Committee, also made a speech of seven columns, in which he says:

The silver coins provided for are the dollar, 384 grains troy, the half-dollar, quarter-dollar, and dime, of the value and weight of one-half, one-quarter, and one-tenth of the dollar, respectively; and they are made a legal tender for all sums not exceeding \$5 at any one payment. The silver dollar, as now issued, is worth for bullion 3¼ cents more than the gold dollar and 7½ cents more than two half-dollars; having a greater intrinsic and nominal value, it is certain to be withdrawn from circulation whenever we return to specie payment, and to be used for only manufacture and exportation as bullion.

Mr. Clarkson N. Potter, of New York, in commenting upon the bill says:

Mr. Speaker this is a bill of importance. When it was before the House in the early part of this session I took some objections to it which I am inclined now to think, in view of all the circumstances, were not entirely well founded, but after further reflection I am still convinced that it is a measure which it is hardly worth while for us to adopt at this time. \* \* \* This bill provides for the *making of changes in the legal tender coin of the country and for substituting as legal tender coin of only one metal instead as heretofore of two*. I think myself this would be a wise provision, and that legal tender coins, except subsidiary coin, *should be of gold alone*; but why should we legislate on this now when we are not using either of those metals as a circulating medium?

The bill provides also for a *change in respect of the weight and value of the silver dollar*, which I think is a subject which, when we come to require legislation about it at all, will demand at our hands very serious consideration, and which, as we are not using such coins for circulation now, seems at this time to be an unnecessary subject about which to legislate." (Page 2310, volume 102).

Mr. Kelley also said:

I wish to ask the gentleman who has just spoken [Mr. Potter] if he knows of any government in the world which makes its subsidiary coinage of full value? The sil-

ver coin of England is 10 per cent. below the value of gold coin, and, acting under the advice of the experts of this country, and of England and France, Japan has made her silver coinage within the last year 12 per cent. below the value of gold coin, and for this reason: *It is impossible to retain the double standard. The values of gold and silver continually fluctuate. You can not determine this year what will be the relative values of gold and silver next year. They were 15 to 1 a short time ago; they are 16 to 1 now.*

Hence all experience has shown *that you must have one standard coin* which shall be a legal tender for all others, and then you may promote your domestic convenience by having a subsidiary coinage of silver, which shall circulate in all parts of your country as legal tender for a *limited amount* and be redeemable at its face value by your Government. But, sir, I again call the attention of the House to the fact that the gentlemen who oppose this bill insist upon maintaining a silver dollar worth  $3\frac{1}{2}$  cents more than the gold dollar and worth 7 cents more than two half dollars, and that so long as those provisions remain you can not keep silver coin in the country.

#### BILL WITH DOLLAR OF 384 GRAINS PASSES THE HOUSE.

On May 27, 1872, the bill was again called up by Mr. Hooper for the purpose of offering an amendment in the nature of a substitute, and the bill as amended passed that day—yeas 110, nays 13.

Just previous to the passage of the bill Mr. McNeeley, of the Coinage Committee said :

*As a member of the Committee on Coinage, Weights, and Measures, having carefully examined every section and line of this bill, and generally understanding the subject before us, I am satisfied that the bill ought to pass.* (Page 3883, volume 104.)

The substitute reported by Mr. Hooper and passed by the House, so far as it refers to silver coinage, was identical with the bill previously reported from the Coinage Committee by him. It was also identical with the bill introduced by Mr. Kelley, with the single exception of the provision authorizing the coinage of a silver dollar weighing 384 grains. The bill of Mr. Kelley, so far as it related to the silver coinage was identical with the bill which was prepared at the Treasury Department, and which had passed the Senate, excepting that the latter bill made the silver coin a legal tender for all sums less than \$1, while the bill of Mr. Kelley made the silver coins a legal tender for \$5 in any one payment.

The bill was again printed in the Senate on May 29, 1872, and referred to the Finance Committee. Senator Sherman, in reporting it back on December 16, 1872, said :

This bill has, in substance, passed both Houses, except that the Senate bill enlarged and increased the salaries of the officers of the mint; it was passed by the Senate at the session of the last Congress, went to the House, and now, somewhat modified, has passed the House at this Congress, so that the bill has practically passed both Houses of Congress. The Senate Committee on Finance propose a modification of only a single section; but as this is not the same Congress that passed the bill in the Senate, I suppose it will have to go through the form of a full reading unless the Senate are willing to take it on the statement of the committee, the Senate already having debated it and passed it. (Page 203, volume 106, third session Forty-second Congress.)

After further debate, on motion of Mr. Cole, the bill *was printed in full with amendments.*

#### BILL PASSES THE SENATE WITH TRADE DOLLAR OF 420 GRAINS.

On January 7, 1873, it was again reported with amendments *and again printed* for the information of the Senate. It passed that body on January 17, 1873, after a discussion occupying nineteen columns of the Congressional Globe. In the course of the debate Senator Sherman said :

This bill proposes a silver coinage exactly the same as the French, and what are called the associated nations of Europe, who have adopted the international standard

of silver coinage; that is, the dollar [two half-dollars] provided for by this bill is the precise equivalent of a 5-franc piece. It contains the same number of grammes of silver, and we have adopted the international gramme instead of the grain for the standard of our silver coinage. *The trade dollar has been adopted mainly for the benefit of the people of California and others engaged in trade with China.*

That is the only coin measured by the grain instead of by the gramme. The intrinsic value of each is to be stamped upon the coin. *The Chamber of Commerce of New York recommended this change, and it has been adopted, I believe, by all the learned societies who have given attention to coinage, and has been recommended to us, I believe, as the general desire. That is embodied in these three or four sections of amendment to make our silver coinage correspond in exact form and dimensions and shape and stamp with the coinage of the associated nations of Europe, who have adopted an international silver coinage.* (Page 672, volume 106, third session, Forty-second Congress.)

The bill was sent to the House, and on January 21, 1873, on motion of Mr. Hooper, it *was again printed with amendments*, and subsequently committees of conference were appointed, consisting of Messrs. Hooper, Houghton, and McNeely, of the House, and Senators Sherman, Scott, and Bayard, of the Senate. The reports of the committees of conference were agreed to, and the bill became a law on February 12, 1873, substantially as originally prepared at the Treasury.

The bill as prepared at the Treasury omitted the silver-dollar piece, and the report stated the fact of its omission three different times and gave the reasons therefor. The silver-dollar piece was omitted from the bill as it first passed the Senate. It was also omitted from all the bills reported by Mr. Kelley; but in the bills reported by Mr. Hooper, a new silver dollar was proposed equal in weight (384 grains) to two of the half-dollars then authorized.

The Senate substituted a trade dollar weighing 420 grains in place of the dollar of 384 grains, *in accordance with the wishes of the dealers in bullion upon the Pacific coast*, that being considered by them as the most advantageous weight for a coin to be used for shipment to China and Japan.

The weight of the trade dollar was fixed by Cashier Ralston of the Bank of California, and Mr. E. B. Elliott and myself proposed to him to substitute a commercial dollar of 25 grammes of *pure silver*, which he declined, and I have the correspondence on this subject.

#### BILL READ IN FULL IN SENATE AND IN HOUSE AND PRINTED THIRTEEN TIMES.

The weight of the subsidiary silver coin was increased about one-half per cent. in value, making the half-dollar, quarter-dollar, and dime, respectively, of the weight of  $12\frac{1}{2}$  grammes,  $6\frac{1}{4}$  grammes, and  $2\frac{1}{2}$  grammes, or precisely one-half, one-quarter, and one-tenth, respectively, of the weight of the French 5-franc piece. All of said coins were made a legal tender in nominal value for any amount not exceeding \$5 in any one payment. The bill was read in full in the Senate several times,\* and the record states on January 9, 1872, that it was read in the House. It was undoubtedly read at other times. *The bill was printed separately eleven times and twice in reports made by the Deputy Comptroller of the Currency, thirteen times in all, by order of Congress.* It was considered at length by the Finance Committee of the Senate and the Coinage Committee of the House during five different sessions, and the debates upon the bill in the Senate occupied sixty-six columns of the Globe and in the House seventy-eight columns of the Globe.

\* McPherson, in his "Hand Book of Politics for 1890," gives the date of one of these readings in the Senate as January 17, 1873, only about five weeks before its passage (pp. 165, 166).

## SECRETARY RECOMMENDS BILL IN THREE ANNUAL REPORTS.

The Secretary of the Treasury called the special attention of Congress to the bill in his annual reports for 1870, 1871, and 1872.

In his report for December 5, 1870, Secretary Boutwell said (p. 7):

I respectfully ask the attention of Congress to the bill prepared in this Department and submitted at the last session to the accompanying report relative to the mints and coinage system of the country. The bill was prepared with care and it has been since submitted to the criticism of a large number of practical and scientific men whose views have been published by authority of Congress.

Secretary Boutwell, also in his report for December, 1871 (p. 15), says:

During the third session of the Forty-first Congress a bill was submitted for organizing a mint bureau. The bill passed the Senate but failed in the House, though I am informed there were no objections to the principle on which the bill was framed. I urgently recommend the passage of a similar bill at the present session of Congress.

In his report for 1872, *only about two months before the passage of the act*, he calls special attention to the depreciation of silver, the prohibition of silver coinage for circulation in this country, and recommends the coinage of a trade dollar as follows:

In the last 10 years the commercial value of silver has depreciated about 3 per cent. as compared with gold, and its use as a currency has been discontinued by Germany and by some other countries. The financial condition of the United States has prevented the use of silver as currency for more than 10 years, and I am of opinion that upon grounds of public policy *no attempt should be made to introduce it*, but that the coinage should be limited to commercial purposes, and designed *exclusively for commercial uses with other nations*.

The intrinsic value of a metallic currency should correspond to its commercial value, or metals should be used for the coinage of tokens redeemable by the Government at their nominal value. As the depreciation of silver is likely to continue, it is impossible to issue coin redeemable in gold without ultimate loss to the Government; for when the difference becomes considerable the holders will present the silver for redemption and leave it in the hands of the Government, to be disposed of subsequently at a loss.

Therefore, in renewing the recommendations heretofore made for the passage of the mint bill, I suggest such alterations as will *prohibit the coinage of silver for circulation in this country*, but that authority be given for the coinage of a silver dollar that shall be as valuable as the Mexican dollar, and to be furnished at its actual cost.

The Hon. Henry R. Linderman, for more than a quarter of a century an officer of the mint, who was associated with myself in the preparation of the bill, and watched its progress in Congress, says in his report for 1876 (pp. 297, 298, Finance Report):

In the discussion of some of these propositions it has been intimated, if not directly charged, that the repeal by the coinage act of 1873 of what may properly be termed the remnant of the silver standard left by the demonetizing legislation of 1853, was done without due consideration or in the interest of certain creditors of the United States and to insure payment of the latter in gold coin. An examination of the public records will show that the discussion and consideration of the act referred to covered a period of more than 2 years, that there was no concealment as to any of its provisions, and that all proper care was exercised to render the measure as perfect as possible. The director was frequently consulted in relation to the various provisions of the act, from its incipency to its final passage, and he is able to state that, from first to last, *there was no desire or effort on the part of any one advocating the measure to favor either debtors or creditors, or to do anything other than what they believed to be, from the best of their knowledge, entirely in the interests of the public service and of the people of the country at large*.

The original draft of the bill revising the laws relative to the mints, assay offices, and coinage of the United States was prepared in 1869 and 1870, under the supervision of John Jay Knox, then deputy and now Comptroller of the Currency, and was transmitted to the Senate by the Secretary of the Treasury April 25, 1870, the views and criticisms of the mint and Treasury officers and other gentlemen conversant with metallurgical and coinage subjects having been previously requested, and published in compliance with a resolution of the House of Representatives.

The report of Mr. Knox, which accompanied the bill, explained in detail the pro-

posed amendments, and referred specifically to the silver dollar and its discontinuance as a standard. The bill after discussion, passed the Senate January 10, 1871, and on the 27th of May of the following year, 1872, passed the House of Representatives. Having been amended by the House, it was returned to the Senate, and passed that body January 17, 1873. It next came before a conference committee of the two Houses, and subsequently, February 12, 1873, became a law nearly 3 years after its introduction in the Senate. It appears from the official documents, that only one or two of the numerous experts who examined the bill recommended the retention of the silver dollar, and that not a single member of Congress in debate opposed its abandonment.

Dr. Linderman adds:

Mr. Samuel Hooper, of Massachusetts, who had the bill in charge, explained the provisions in reference to the silver coinage in detail in the House of Representatives, when he said:

"Section 14 declares the gold dollar of 25.8 grains of standard gold to be unit of value. Gold practically having been in this country for many years the standard or measure of value, as it is legally in Great Britain and most of the European countries, the silver dollar, which by law is now the legally declared unit of value, does not bear a correct relative proportion to the gold dollar. Being worth intrinsically about \$1.03 in gold, it can not circulate concurrently with the gold coins. The law of 1792, now in force, provided for the coinage of dollars or units, each to be of the value of a Spanish milled dollar, as the same is now current, and to contain  $371\frac{1}{16}$  grains of pure or 416 grains of standard silver.

"The Spanish dollar of full weight then in circulation contained  $374\frac{7}{8}$  grains of pure silver, but the variation or error in fixing the weight of the American dollar is said to have arisen from assuming the average instead of the highest weight of any one of the number of pieces assayed for that purpose. As the value of the silver dollar depends on the market price of silver, which varies according to the demand and supply, it is now intrinsically worth, as above stated, about 3 cents more than the gold dollar. By the act of January 18, 1837, the standard of the silver coins was increased to .900 fine, which reduced the weight of the dollar from 416 to  $412\frac{7}{8}$  grains; the amount of pure silver, however, remained the same, namely,  $371\frac{1}{8}$  grains. The committee, after careful consideration, concluded that 25.8 grains of standard gold, constituting the gold dollar, should be declared the money unit or representative of the dollar of account.

"Section 16 reenacts the provisions of existing laws defining the silver coins and their weights respectively, except in relation to the silver dollar which is reduced in weight from  $412\frac{7}{8}$  to 384 grains, thus making it a subsidiary coin in harmony with the silver coins of less denominations, to secure its concurrent circulation with them. The silver dollar of  $412\frac{7}{8}$  grains, by reason of its bullion or intrinsic value being greater than its nominal value, long ceased to be a coin of circulation, and is melted by manufacturers of silverware. It does not circulate now in commercial transactions with any country, and the convenience of those manufacturers in this respect can better be met by supplying small stamped bars of the same standard, avoiding the useless expense of coining the dollar for that purpose."

Hon. Abram S. Hewitt, of New York in his exhaustive speech in the House on the 5th of August, 1876, replied fully to the charge which had been made by Mr. Bland, of Missouri, by Mr. Holman, of Indiana, by Mr. Fort, of Illinois, and by Senator Jones, of Nevada, that the coinage act of 1873 had passed surreptitiously and without discussion, by giving the true history of that act, which was subsequently printed in the report of the Comptroller of the Currency (pp. 170-175) for 1876.

#### EFFECTS OF THE COINAGE ACT OF 1873.

Hon. Daniel Manning, Secretary of the Treasury during the administration of President Cleveland, in his report for 1886, p. 28, thus refers to this subject:

The act of 1873, we are told, "demonetized" the standard silver dollar. The act of 1878, we are told, remonetized it; and that, we are told, is the whole of the matter. In fact those two acts are so nearly identical that a common authorship might be suspected. The fate is odd which apporitions blessing and cursing inversely to both.

The act of 1873 has been denounced and praised for demonetizing silver, which it did not do. It retired no silver coin from circulation. It caused no coin to be sold as bullion. It withdrew the full legal-tender quality from no silver coined. It did limit monetization to Treasury purchases for fractional coin.

The act of 1878 has been praised and denounced for remonetizing silver, which it did not do. It did limit monetization to Treasury purchases for non-fractional coin. The act of 1873 took a sure way to keep all our fractional silver coin at home. The act of 1878 took a sure way to keep all our non-fractional silver coin at home. \* \* \*

The method of the two acts is identical. Exportation would only be possible at a loss on the silver coined under either act. In both acts monetization is denied, except to Treasury purchases. \* \* \*

The action of the United States in 1834, changing the ratio from 15 to 16 *had forestalled the act of 1873*. To open our mints for the coinage of silver at 16 to 1 of gold while France was coining silver at 15½ to 1 of gold was so to say, equivalent to closing our mints to the coinage of silver for all. Two ratios can not live together face to face, as Sir Isaac Newton, master of the mint, explained nearly two centuries ago.

In the money world from that year, the United States became a gold monometallic power, and such they have ever since remained both when they did intend to, and when they did not. \* \* \*

The arguments that anything newly injurious to silver was done by the act of 1873 are arguments offered only by those who are not quite familiar with their subject. The act of 1878 is public confession that by the closure of the French mint to the free coinage of silver our act of 1873, not then a necessity, has become a necessity in that particular, and so was never repealed, but merely enlarged and confirmed. It was enlarged by adding to discretionary Treasury purchases of silver for the mintage of fractional coin, compulsory Treasury purchases of silver for the mintage of non-fractional coin. It was confirmed on the point of withholding free coinage of silver.

#### LARGE PURCHASES OF SILVER FOLLOW PASSAGE OF THE ACT.

The late lamented Secretary Windom, in his report for December, 1889 (pp. 46-47), said :

It has been charged that the act of February 12, 1873, revising the coinage system of the United States, by failing to provide for the coinage of the silver dollar, had much to do with the disturbance in the value of silver. *As a matter of fact the act of 1873 had little or no effect upon the price of silver.* The United States was at that time on a paper basis. The entire number of silver dollars coined in this country from the organization of the Mint in 1792, to that date, was only 8,045,838, and they had not been in circulation for over 25 years.

Moreover, immediately upon the passage of that act, the United States entered the market as a large purchaser of silver for subsidiary coinage, to take the place of fractional paper currency, and from 1873 to 1876 purchased for that coinage 31,603,905.87 standard ounces of silver, at a cost of \$37,571,148.04.

Starting in 1878 with no stock of silver dollars, this country, standing alone of all important nations, in its efforts to restore the former equilibrium between gold and silver, has, in the brief period of 11 years, added to its stock of full legal-tender money 343,638,001 dollars of a depreciated and steadily depreciating metal.

What has been the effect upon the price of silver ?

The value of an ounce of fine silver, which on March 1, 1878, was \$1.20, was on November 1, 1889, \$0.95, a decline in 11 years of over 20 per cent.

In 1873, the date at which purchase of silver for subsidiary coinage commenced, the bullion value of the silver dollar, containing 371.25 grains of pure silver, was about 1½ cents more than the gold dollar; on March 1, 1878, the date of the commencement of purchases for the silver dollar coinage, it was \$0.93, while to-day its bullion value is 72 cents in gold. In other words, there has been a fall of over 28 per cent. in the value of silver as compared with gold in the last 16 years, and of over 20 per cent. since we commenced purchases in 1878.

#### PREDICTION OF GENERAL GRANT FULFILLED.

The effect of the passage of the act was not, as is well stated by the late Secretary Windom, to decrease the silver coinage or the purchase of silver in this country. It is said that\* General Grant a few weeks after he signed the act of 1873 said:

The panic has brought greenbacks about to a par with silver.

I wonder that silver is not already coming into the market to supply the deficiency in the circulating medium. When it does come, and I predict that it will soon, we will have made a rapid stride toward specie payments.

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\* Silver in the Fifty-first Congress, p. 38.

This prediction of General Grant was almost immediately fulfilled. Never before in history had such large amounts of silver been purchased by any country for coinage purposes. The coinage act of 1873 became a law on February 12. During that year the total silver coinage was \$3,728,129, in the following year, 1874, \$6,851,776; in 1875, \$15,347,893. The next year, 1876, \$24,503,307. The following year, in 1877, \$28,493,045. The total silver coinage during the 5 years following the passage of the act of 1873 was about 83 millions of dollars which was more than the total coinage of silver for 30 years previous and an amount equal at that time to more than one-fourth of all the silver coinage of the country since its organization.

This is shown in the following official statement of the Director of the Mint:

*Statement showing the amount of silver coined from January 1, 1873, to March 1, 1878.*

Years.	Trade dollars.	Subsidiary silver.	Total.
1873 .....	1,225,000	\$2,503,129	\$3,728,129
1874 .....	4,910,000	1,941,776	6,851,776
1875 .....	6,279,600	9,068,293	15,347,893
1876 .....	6,192,150	18,311,157	24,503,307
1877 .....	13,192,710	15,300,335	28,493,045
1878 .....	2,916,500	1,707,222	4,623,722
Total.....	34,715,960	48,831,912	83,547,872

\* To February 28.

During the 6 years following the passage of the coinage act of 1873 26,647,000 trade dollars were issued from the branch mint of San Francisco, from which less than thirty thousand of silver dollars or of full legal tender silver had been coined since its organization in 1854! The amount of trade dollars issued during these 6 years was four and a half times greater than all of the standard silver dollars issued from all the mints since the foundation of the Government.

#### THE ACT OF 1873 NOT SURREPTITIOUS.

No one can read these facts or examine the official documents upon the subject of the coinage of silver without coming to the conclusion that there was not only no concealment in the preparation or the passage of the coinage act of 1873, but that every effort was made, not only to give publicity to the proposed changes in the mint laws, but also to obtain the assistance of specialists upon the coinage, both in the mints and outside the mints. "The coinage act of 1873," as was said in my report as Comptroller of the Currency for 1876, "simply registered in the form of a statute, what had really been the unwritten law of the land for 40 years."

It was well said by Professor Simon Newcomb in 1869 in a paper upon "The Paris silver commission and the silver question"—

If a proposed law can be debated in Congress for 3 years, be reported several times from committees in various forms, be recommended by the Secretary of the Treasury in three annual reports, finally pass both Houses of Congress and be signed by the President, then remain on the statute books for 2 or 3 years without any one knowing it, and all through "inadvertence," what shall we say of our political system, or of the attention of our people or our legislators to public affairs? Every one who cares for the good name of his country will certainly say, "Try to keep the fact out of the newspapers, and by no means confess it to our neighbors." The plea is as pointless as it is humiliating.—"United States notes," pp. 151-152, Chas. Scribner's Sons, third edition revised, 1886.



## THE ACT MAINTAINS THE HIGH CREDIT OF THE GOVERNMENT.

The preparation of the coinage act of 1873 was a conscientious, careful, and, in my opinion, an excellent piece of work. During the whole discussion in Congress *no one present at any time proposed to continue the coinage of the standard silver dollar of 412½ grains.* The question was whether the coinage of the silver dollar should be discontinued or the silver dollar should thenceforth be a subsidiary coin, like the other silver coins then in circulation. The country had been upon a gold standard since 1834. There was no expectation of a decline in silver at the time the bill was prepared. The Director of the Mint, as we have seen, twelve years before the passage of the coinage act of 1873 recommended that we should "cease to coin the silver dollar," and in 1866 in an official report a Mexican dollar for foreign circulation was suggested in place of the present dollar, and about two months before the passage of the act of 1873 Secretary Boutwell renewed both of these recommendations. No one could foresee the action of the German Government, and all our bonded indebtedness and other issues of the Government were morally, if not legally, payable in the gold standard. Good faith was kept with the holders of the public debt and to that is to be attributed the fact that the United States has to-day the highest credit of any nation, a borrowing power of about 2½ per cent. Every one who discussed the coinage act of 1873, without exception, discussed it from the standard of gold payments.

## PERILS OF THE SILVER STANDARD.

This country has, as I have said, been upon the gold standard for 57 years. The greatest financial evil that could befall the United States would be to change to the silver standard. As was recently said by an eminent citizen of New York :

Plagues, pestilence, and famine are, after all, but local and temporary calamities; floods, earthquakes, and cyclones are limited in their disastrous results, but a change in the standard of value affects all existing contracts, upsets all the calculations of business, reaches every family in the land, and converts legitimate trade into speculation and gambling. The experience of mankind has shown that two standards of value can not exist side by side. One or the other will become dominant, and according to the well-known law of Gresham, the poorer money will drive out the better money. Hence the attempt to establish a silver as well as a gold standard, and the conversion of gold into an article of merchandise. Undoubtedly this country can continue to do business upon a silver standard, but inasmuch as silver has for the last 20 years fluctuated very greatly and rapidly in value, ranging between 43*d.* and 60*d.* per ounce in the English market, and as the recent fluctuations have been very violent, it is fair to presume that these changes in value will continue in the future as in the past, deranging the business of countries which are upon the silver basis. In the modern development of civilization, silver has become the money of relatively poor countries, where the standard of living is low, and the wages of labor are inadequate.

The United States to-day is the richest country in the world. Great Britain still surpasses us in per capita wealth, but the difference is now slight, and we shall within the next decade be at the head of the list in wealth estimated per head of population. If any country ought to have a gold basis it is the United States, and the importance of such a basis is apparent, when it is considered that the international transactions of the world are all settled in gold, and must continue to be so settled. At present London is the clearing house of the world, but the time is not far distant when, if we adhere to the gold basis, the seat of financial power will be transferred to this country, and before the close of the present century the clearing house of the world will be in the western continent, unless we deliberately elect to establish an inferior standard of value, involving the payment of brokerage upon every transaction before it can be converted into the universal standard of the world.—[Letter of Hon. A. S. Hewitt to the Committee on Coinage, February 10, 1891.]



ADDITIONAL STATEMENT OF HON. JOHN JAY KNOX, OF NEW YORK, IN REPLY TO HON. W. M. STEWART, OF NEVADA.

Mr. Knox subsequently forwarded to the committee the following reply to Mr. Stewart in reference to

THE SILVER COINAGE ACT OF 1873.

In the discussions upon the coinage act of 1873, only two dollar pieces were considered, namely, the dollar of 384 grains, and the trade dollar of 420 grains. The statements in reference to the coinage act of 1873, on pages 16 to 42 of the pamphlet entitled "Silver in the Fifty-first Congress," issued by the National Executive Silver Commission, 1890, A. J. Warner, chairman; Francis G. Newlands, vice chairman; Lee Crandall, secretary, are full of misstatements and misrepresentations.

In the original bill prepared by the Treasury Department, the silver dollar piece was discontinued. The bill, after discussion by Senators Sherman, Stewart, Casserly, and Williams, and others, was passed on the 10th of January, 1871, by a vote of 36 yeas to 14 nays. On January 13, and February 25 of the same year it was printed, by order of the House, and again in the Forty-second Congress on January 9, 1872. It was reported by Mr. Kelley, chairman of the Coinage Committee. The bill up to this time had been printed six times, and in each of these bills the silver dollar was omitted.

On page 21 of the pamphlet issued by the National Executive Silver Committee, Mr. Kelley says, in reply to questions from Hon. Clarkson N. Potter, of New York, that the bill then pending "does not make any change in the value of the coin *issued pursuant to its provisions* from the value of the coin which now exists," neither does it "make any change in weight or fineness of the coin, nor does it provide for any new coin." The pamphlet says that Mr. Kelley "was mistaken," and "that he did not understand himself all that the bill contained."

On the contrary, this statement of Mr. Kelley was absolutely true so far as it referred to the gold and silver coins authorized by the bill then under consideration.

On February 9, 1872, the bill was reported for the first time by the Hon. Samuel Hooper, who was then chairman of the Coinage Committee. In this bill a silver dollar of 384 grains was *for the first time* presented to Congress. The bill was again printed on February 13, 1872. Each of these bills provided for the issue of a silver dollar of 384 grains. On May 27, 1872, the bill was passed—yeas, 119; nays, 13.

On December 16, 1872, this bill was reported by Senator Sherman with important amendments. My report\* as Deputy Comptroller of April 25, 1870, recommended the discontinuance of the coinage of the silver dollar and the coinage of a commercial dollar for circulation in Oriental countries. The second table of the appendix of that report provided for the coinage of a half dollar, which should contain  $12\frac{1}{2}$  grammes, and a quarter dollar, and a dime of the weight of one-half and one-fifth of the weight of said half dollar. These recommendations were incorporated by Senator Sherman in the bill of December 16, 1872, which was printed on that date and also on January 7, 1873. This same bill is printed in full in the speech of Senator Stewart, of Nevada, delivered in the Senate, June 5, 1890.

\* Senate Mis. Doc. No. 132, Forty-first Congress, second session.

## THE FRENCH DOLLAR OR FIVE-FRANC PIECE.

A long discussion occurred between Senator Stewart and Senator Sherman in reference to the issue of a French dollar piece, and this discussion is given in this speech of Senator Stewart of June 5, 1890. This discussion arose from the fact that Senator Stewart insisted that the silver dollar which was incorporated in the House bill "was equivalent to the five-franc piece."\* He states that this dollar of 384 grains "was an international coin at the time of the international convention, and it was circulating as a standard at that time. It was the unit of value in all of the associated nations of Europe, and it was regarded as better than gold."

In this statement Mr. Stewart was mistaken. The dollar of 384 grains incorporated by Mr. Hooper in the bill, was exactly equal to the two half dollars of 192 grains which were then in circulation, as will be readily seen by reference to page 13 of the speech of Senator Stewart before referred to. At the time the trade dollar of 420 grains was proposed by Senator Sherman, a half dollar was also substituted in place of the half dollar then in circulation of 192 grains. A half dollar of  $12\frac{1}{2}$  grammes or 192.9 grains was substituted with the corresponding proportions, for the quarter dollar and the dime. Two of these half dollars, being the same half dollars which are *now* in circulation, are exactly equivalent to the French five-franc piece of 25 grammes.

*It was never proposed by anyone to issue a dollar piece of 385.8 grains, or 25 grammes which would be equivalent of the French five-franc piece.* In all the discussions of the Senate after the bill of May 29, 1872, was reported, all the references to the silver dollar were to the trade dollar of 420 grains or to the two half dollars of 192.9 grains each. The confusion arising in the discussion, as given in the speech of Senator Stewart, arose entirely from the fact that the dollar of 384 grains was mistaken for the equivalent of the French five-franc piece of 20 grammes or 385.8 grains.

## INDIFFERENCE OF MEMBERS OF CONGRESS TO SILVER COINAGE EXPLAINED.

In the pamphlet of "Silver in the Fifty-first Congress" some of the most prominent members of Congress are quoted as saying that they "did not know anything that was in the bill," and that they never even "read the bill." The bill was a long codification of 30 pages of the Mint laws, but the changes proposed, and particularly those changes in reference to silver coin, were plainly stated by Mr. Hooper to the House.

The reason why so little attention was given to the subject of a change in the silver coinage is plain. The full legal-tender quality was taken from the subsidiary coinage in 1853, and not as much as 2 millions of the silver dollars, which was the only legal tender after that date, was coined from 1853 up to 1870 when this bill was presented to Congress. Moreover, these 2 millions of silver dollars were not coined for the purposes of circulation, but as was stated in the speech of Mr. Hooper, they were coined chiefly for the convenience of manufacturers of silver ware.

The country had been really upon the gold standard since 1834. The mint in San Francisco was established in 1854, and only \$29,700 of full legal-tender silver coins were issued from that mint up to the year 1873.

\* Speech of Hon. W. M. Stewart, Thursday, June 5, 1890, p. 48.

*Every business transaction on the Pacific coast was upon the gold standard. The Government officers, during the war of the rebellion, were paid in greenbacks, which were immediately converted into gold coin; the legal-tender notes did not circulate; neither the coin certificates nor the silver dollars to-day circulate to any extent upon the Pacific coast. All their payments made in money of any kind are virtually made in gold. All the promissory notes given upon the Pacific coast to-day are payable in gold coin, and all contracts are made payable in gold coin.*

There was indifference shown by Senators and members of Congress on the Atlantic coast in reference to the provisions for coinage contained in the act of 1873, but the indifference was still greater by the representatives of the Pacific coast. The discussions in Congress show that their interest in the bill was chiefly in the *refining of gold* and the removing of the coinage charge *from gold*, and finally in the issue of a trade dollar in place of the then existing dollar of 412½ grains. The proposition to issue the trade dollar originated upon the Pacific coast, and was discussed many years before the passage of the coinage act of 1873.

I have shown that it was proposed by Governor Pollock, Director of the Mint in his report of 1861 and by myself in my report to the Secretary in 1866. There was absolutely nothing new in the changes which took place in the bill under discussion, for these changes in the silver coinage had been recommended and frequently discussed in the financial journals of the Pacific coast. It was generally believed that the Mexican dollar was issued at a profit. It is well known that it was frequently sold in the East at a premium of more than 8 per cent. and those who gave attention to the subject on the Pacific coast were interested in the issue of a trade dollar, and entirely indifferent as to the legal tender quality of all the silver coins. No one on the Pacific Coast in the press or elsewhere said one word on the subject until after the great depreciation of silver in 1876. Gold was and is the standard there and neither Senator Stewart nor any of his colleagues, once lifted their voices in Congress for three years in favor of the silver dollar or in favor of full legal tender silver coinage.









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